

Investor Newsletter

August 2022

Shareholding Composition

	Jun-22
Bank Danamon Indonesia	92.1%
Public (≤ 5%)	7.9%

Credit Ratings (PEFINDO)

	Rating/Outlook
Corporate	idAAA/Stable
Bonds	idAAA
Mudharabah Bonds	idAAA _(sy)

Credit International Ratings

	Rating/Outlook
Moody's	Baa1
Fitch	BBB

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1H22 Results

- Adira Finance recorded a total new financing of Rp 14.3 trillion, increased by 21.3% y/y in 1H22. New financing in the car and motorcycle segments rose by 38% y/y and 3% y/y respectively in semester I-2022.
- ADMF's market share in the new motorcycle segment increased by 30 bps to 9.2%, while the new car market share was relatively stable at 3.8%. New motorcycle segment had slightly decreased by 4.8% y/y to 206 thousand units and new car segment rose by 20% to 18 thousand units in the first half of 2022.
- In 1H22, the Company's total managed receivables (including the joint-financing portion) relatively was stable at Rp 41.1 trillion in 1H22. Joint financing represented 47% of managed receivables.
- As of June 2022, our external borrowing amounted to Rp 11.1 trillion. The external borrowing consisted of 34% of bank loans and 66% was derived from bonds and sukuk.
- In the first half of 2022, our net profit increased by 40% to Rp 661 billion compared to the same period last year. As a result, return on asset (ROAA) stood at 5.4% in 1H22.
- Our total equity increased by 13% to Rp 9.0 trillion in 1H22. As a result, Return on Equity rose to 15.5%.

Highlights

Rp billion. %	1H22	1H21	Y-o-Y	3Q21	4Q21	1Q22
Total New Financing	11,811	14,321	21%	6,236	7,874	7,166
Total Managed Assets	41,253	41,140	0%	39,901	40,429	41,140
Financing Receivables ¹	23,503	21,929	-7%	22,184	21,615	21,929
Total Asset	25,494	23,809	-7%	24,022	23,726	23,809
Total Borrowings	13,308	11,089	-17%	11,863	10,930	11,089
Total Equity	7,978	8,976	13%	8,294	8,887	8,976
Net Profit after Tax	473	661	40%	280	460	305
ROAA ²	3.3%	5.4%	2.2%	4.0%	7.0%	4.9%
ROAE	12.1%	15.5%	3.4%	13.7%	21.8%	14.6%
NPL ³	3.2%	2.0%	1.2%	3.2%	2.3%	2.0%

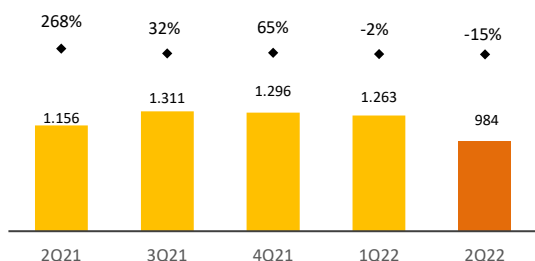
Note:

- Including transaction costs of Rp689 billion and Rp476 billion in June 2022 and 2021, respectively.
- As percentage of Reported Assets.
- Gross Consolidation.

Focus Charts

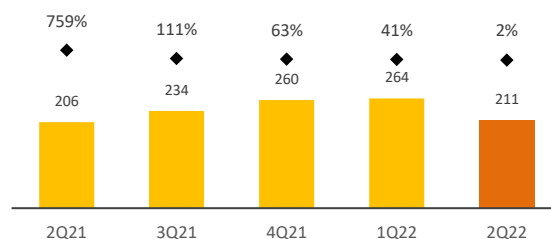
New Motorcycle Domestic Wholesales

Thousand units and Y/Y %growth



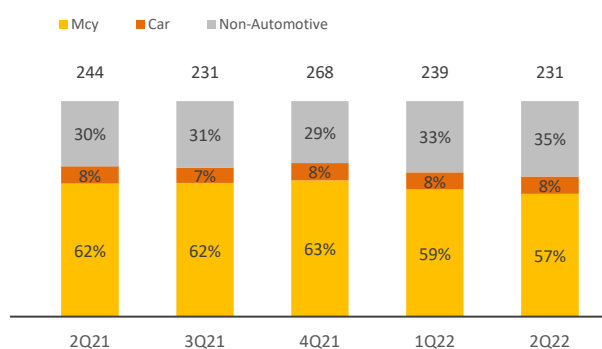
New Car Domestic Wholesales

Thousand units and % Y/Y %growth



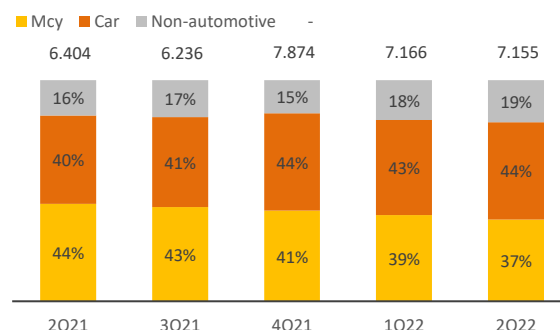
New Financing

Thousand units and %



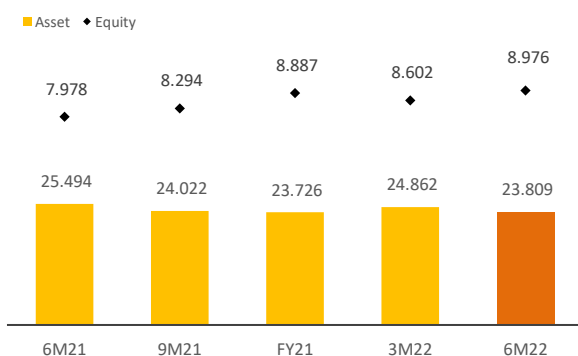
New Financing

Rp billion and %



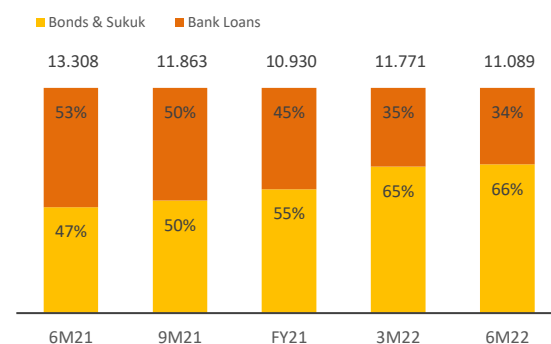
Total Assets & Total Equity

Rp billion



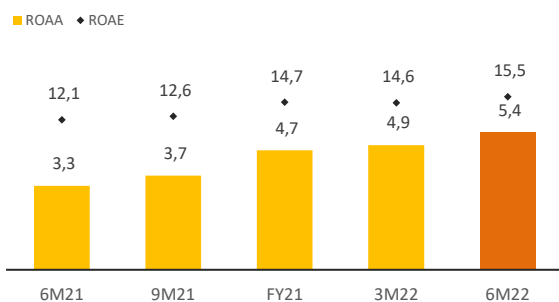
Total External Borrowings

Rp billion and %



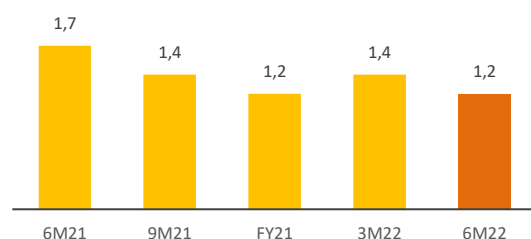
ROA and ROE

% of Reported Assets and Equity



Gearing Ratio

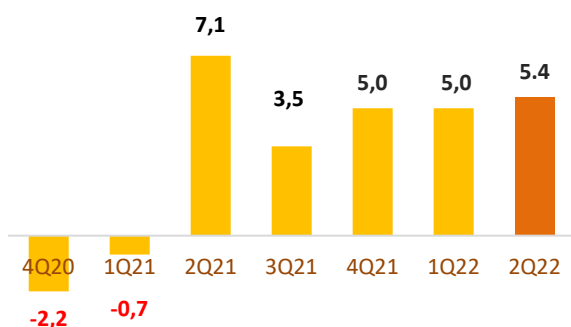
Times



Note: Non-automotive product including durables and multipurpose loan (MPL)

Industry data sources from Indonesian Motorcycles Industry Association (AISI) and Association of Indonesian Automotive Industries (Gaikindo).

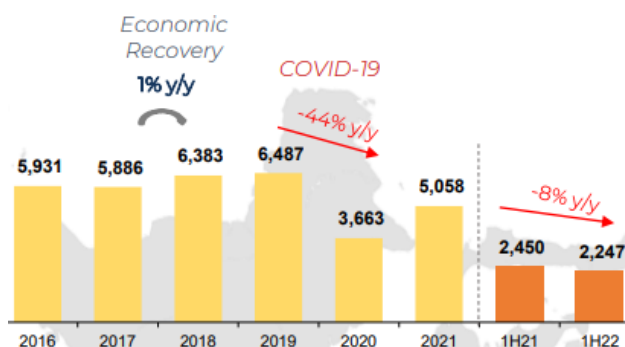
GDP Growth of Indonesia



(sources: Badan Pusat Statistik)

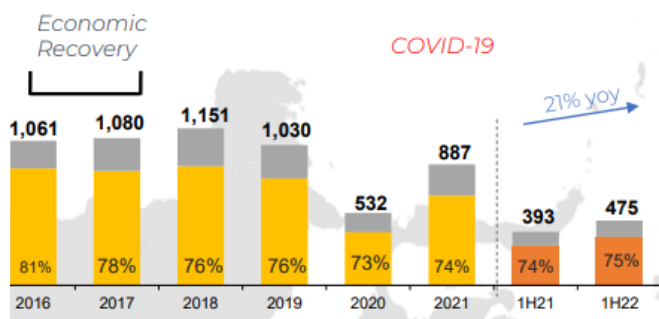
The development of domestic new motorcycle sales from 2016 to 1H22, as follows:

Indonesia's New Motorcycle Sales
Thousand unit and %



The development of domestic new cars sales from 2016 to 1H22, as follows:

Indonesia's New Car Sales



Indonesian Macro Economy and Automotive Sector Updates

The domestic economic recovery from the Covid-19 pandemic is still ongoing amid a challenging global environment. The global supply chain disruptions in various sectors, and the easing of monetary policy to cover Covid-19 pandemic as well as geopolitical tensions have caused global inflation to soar, including in Indonesia.

In response to this higher inflation, the FED has decided to raise interest rates to a level of 1.75% in June 2022 from 0.25% in early 2022. As of June 2022, Bank Indonesia still maintains the 7-DRR interest rate at 3.5% y/y although the market predicts that interest rates may be raised during semester II-2022. Inflation in Indonesia has increased to 4.4% y/y in June 2022, from around 1.9% in December 2021.

In the first half of 2022, the domestic economy has continued to exhibit positive GDP growth of 5.23 y/y. The Government still optimistic that Indonesia prospect of economic growth is estimated to grow around 4.8%-5.5% in FY22. The increase is in line with the successful handling of Covid-19, and accelerated vaccination. Hence, the spread of Covid-19 can be controlled quickly, and domestic economic recovery is expected to continue in 2022

The rupiah exchange rate depreciated by 3.3% y/y to Rp14,902 per US dollar in June 2022, spurred by increasing global financial market uncertainty given more aggressive monetary policy tightening in several countries in response to an uptick of inflationary pressures and concerns stoked by global economic moderation.

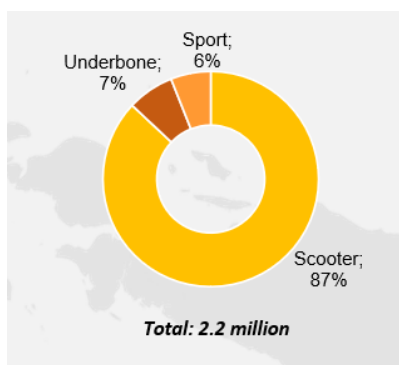
2W Indonesia Automotive Sector

In the first semester of 2022, the domestic retail of new motorcycle was relatively stable at around 2.4 million units, meanwhile the domestic wholesales of new motorcycle decreased by 8.3% y/y to 2.3 million units. This decline was due to delays in the production process, as a result of the semiconductor chip crisis that hit the global automotive industry, including Indonesia. The scooter segment contributed 87% of the total new domestic motorcycles sales, followed by the underbone and sport motorcycle segments, at 7% and 6% respectively.

New Motorcycle Sales Domestic by Type

As of June 2022

% Total Sales



Source: Aisi, domestic wholesales (excluding export)

Aisi estimated the sales projection growth for motorcycle would reach around 5.1 million to 5.4 million units in 2022. This projection was in line with the gradual improvement in the domestic economy where in the second semester of 2022 automotive industry sales has continued to show better performance compared to the previous semester.

4W Indonesia Automotive Sector

Throughout the first half of 2022, consumers have enjoyed the incentives on Sales Tax on Luxury Goods (PPNBM incentives) of which most of these incentives have ended in 1H2022. Therefore, domestic retail sales of new cars managed to grow significantly by 21% y/y to 465 thousand units. This increase was also driven by the improvement in consumer's purchasing power in the midst of the Ramadan momentum, despite there were still vehicles stock difficulties due to the limited supply of microchips.

Toyota still dominated the market with the contribution of 31% of the total industry of new cars sales in 1H22, followed by Daihatsu, Mitsubishi, and Honda that contributed by 19%, 14%, and 13%, respectively.

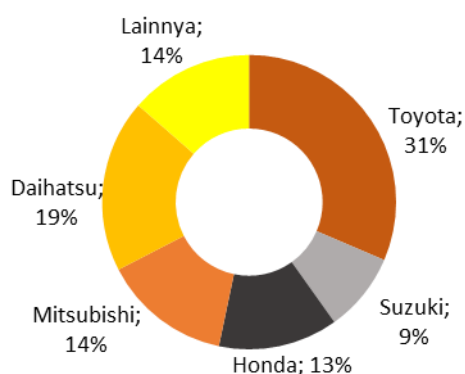
Passenger segment has increased by 22.1% y/y to 355 thousand unit, while commercial segment increased by 17.3% y/y to 120 thousand units. The passenger segment and commercial segments composition was at 75% to 25% of total industry new cars sales in 1H22.

Gaikindo still projects the new car domestic sales to grow by around 900 thousand units in 2022 taking into account the improving economic activities and PPnBM incentive program that helped foster the sales of the automotive industry.

New Car Sales Domestic by Brand

As of June 2022

% Total Sales



Source: Gaikindo, domestic wholesales (excluding export)

New Financing

In line with the automotive industry performance, Adira Finance also recorded new financing growth of 21% y/y to Rp14.3 trillion in the first half 2022. Conventional financing contributed 77% of ADMF's total new financing, the remaining 21% stemmed from sharia financing and 2% from leasing financing.

All financing segments in ADMF exhibited an increase, especially the car segment which grew by 38%, followed by the non-automotive segment growing 32% y/y. Meanwhile, the total motorcycle segment grew slightly by 3% y/y relatively in line with the low sales increase in the new motorcycle industry in 2022.

Total cars financing comprised of new car financing of Rp 3.9 trillion and Rp 2.3 trillion for used car financing. Our passenger cars segment increased by 47% y/y to Rp 4.0 trillion while passenger cars grew by 23% y/y to Rp 2.2 trillion in 1H22.

Total of motorcycle financing consisted of Rp 4.4 trillion new motorcycle financing and Rp967 billions of used motorcycles financing. Honda still contributed the most with the composition of 62% from total motorcycles financing, followed by Yamaha 30%, and Kawasaki 3% in the first half of 2022.

In terms of unit, Adira Finance's new financing of units recorded at 470 thousand unit, relative stable in the first half of 2022. New car segment had increased by 20% y/y to 18 thousand units and used car segment had grown by 19% y/y to 20 thousand units. Meanwhile new and used motorcycle segment had decreased around 5% to 206 thousand units and 57 thousand units, respectively.

As a result, our market share in the new motorcycle segment increased by 30bps to 9.2%, while the new car market share was relatively stable at 3.8% in 1H22.

Balance Sheet

The Company's total managed receivables (including the joint-financing portion) was sustained at Rp 41.1 trillion in 1H22. Joint financing with Bank Danamon represented 47% of the managed receivables and the remaining 53% was derived from the Company's external borrowing and equity.

In the first half of 2022, our total assets slightly declined by 7% y/y to Rp24 trillion. The decline was dominated by the decrease in financing receivables by 7% y/y to Rp 20 trillion.

The Company's total liabilities had decreased by 15% y/y to Rp15 trillion, the decrease was relatively in line to the decline in borrowings by 46% y/y, due to lower funding requirement needs. Moreover, our total shareholder's equity increased by 13% y/y to Rp 9.0 trillion in 1H22 compared to 1H21 of Rp8.0 trillion.

As of June 2022, consolidated gross NPL ratio improved to 2.0%, compared to 3.2% in the same period last year, supported by gradual recovery in economic activity, which affected consumer payment capacity.

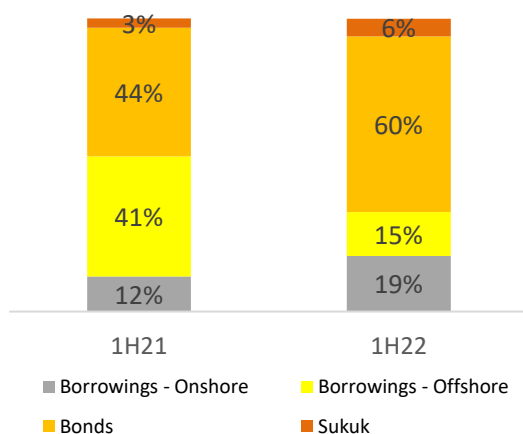
Funding

Adira Finance has continued to diversify its funding sources through continuous support of joint financing with its parent company, Bank Danamon, and acquiring external borrowings (bank loans and bonds). As of June 2022, joint financing represented 47% of managed receivables.

Meanwhile, the Company's total external borrowings in June 2022 declined by 17% y/y to Rp 11.1 trillion, consisting of bank loans (onshore & offshore) and bonds, each contributing 34%: 66%.

As a result, gearing ratio fell to 1.2 times from 1.7 times in 6M22. Hence, the Company still has an ample room to expand its business going forward.

Funding Activity (Composition) 1H21 & 1H22



Income Statement

Adira Finance has continued to show positive performance as of June 2022. Our interest income rose by 2% y/y to Rp4.5 trillion, while interest expense decreased by 6% y/y to Rp1.6 trillion in line with a decrease in borrowing and cost of fund. As a result, net interest income increased by 7% y/y to Rp2.9 trillion and net interest margin rose from 12.3% to 14.4% in 6M22. Furthermore, operating expenses increased by 3% y/y, while cost of credit continued to decline by 36% y/y to Rp525.8 billion in 6M22. As a result, Adira Finance posted a net profit growth by 40% y/y to Rp661 billion.

Thus, the Company's Return on Assets (ROA) and Return on Equity (ROE) increased to 5.4% and 15.5%, respectively.

Adira's Innovative

To foster sales from the automotive segment, Adira Finance had continued to expand and enhance non-automotive products as one of the Company's strategies in developing Adira Finance's business in the future. Through the #diModalin campaign, consumers can take advantage of multipurpose loan for various life cycle needs, such as education, marriage, health, home renovation, working capital and other financing needs. For more information about multipurpose loan products, please visit adira.id/e/S1-2022-pr

In addition, to respon to the changing market condition and consumer behaviours in which the adoption of digitalization was accelerated, Adira Finance encourages consumers to be more active in using digital platforms such as Momobil.id, momotor.id, dicicilaja.com, and Adiraku. These digital platforms serve as alternatives in acquiring new financing and consumers, both existing and new consumers. Throughout June 2022, the number of consumers who have downloaded the Adiraku application has reached almost around 3.4 million consumers, and the number of registered consumers stood around 1.0 million consumers.

Adira's Event in 2022

In 2022, we have participated in several major events in the automotive industry such as the Indonesia International Motor Show (IIMS) Hybrid which was held in April 2022, and the Jakarta Fair Kemayoran 2022 was rolled out on June 9 -17 July 2022.

Recently we also participated the largest automotive exhibition event, the Gaikindo Indonesia International Auto Show (GIIAS) 2022 which was held on 11-21 August 2022.

Restructuring Program

The Company provided loan restructuring program to customers who are affected by economic crisis resulting from Covid-19 pandemic. As of June 2022, the cumulative number of customers whose loans have been restructured is Rp19 trillion. However, outstanding restructured loans has declined to Rp 3.2 trillion of which Rp7 billion are still in grace period as of June 2022.

Strategic Initiatives 2022

In 2022, Adira Finance will implement several strategies to maintain its business performance which include:

- The Company expect to gain market share in the automotive business through product diversification and providing various attractive sales programs, as well as strengthening good relationships with our dealers.
- Diversifying the business to non-automotive businesses by continuing diversification of offered products to support business growth.
- Continuing investment in and accelerating digitalization through Adira's online platforms, namely Adiraku, Momobil.id, Momotor.id and didicilaja.com, as alternative ways of acquiring new financing and consumers.
- Continuing Business Process Reengineering (BPR) to improve business efficiency and effectiveness by creating simpler, faster and more streamlined processes, as well as providing better customer experience.
- Continuing customer-centric approach by improving services, offering a variety of products and providing customer loyalty programs.
- The Company will manage its asset quality in order to keep the NPF ratio manageable by applying prudent risk management principles.
- Diversifying funding sources to meet the Company's funding needs and to obtain optimal and competitive cost of funds.

Corporate Updates 2021, & 2022

■ Domestic Rating From Pefindo

In January 2022, Adira Finance's credit rating of idAAA (stable) was reaffirmed by the domestic rating agency, Pefindo, amid unfavorable economic conditions. This rating strengthens the Company's ability to access more competitive sources of funding.

■ International Ratings from Moody's and Fitch.

Adira Finance has managed to maintain its a BBB rating" (investment grade) from the international rating agency Fitch Rating in 2022. Adira Finance has also obtained an international rating upgrade by the Moody's Rating Agency to Baa1/stable from Baa2/stable at the end of 2021. The ratings reflected our solid market presence, and strong support from our direct shareholder of Bank Danamon Indonesia as well as MUFG Group of Japan.

■ The Company Issue Bonds and Sukuk in 2022

In March 2022, the Company had successfully issued PUB V Bonds Phase III and Sukuk Mudharabah IV Phase III 2022 amounting to Rp 2.0 trillion, with a 3.6x oversubscription. The new bonds issuance in 2022 with the following details:

Issuance	Bonds	Series	Principal (Rp bn)	Coupon Rate/ Sharing Revenue Ratio	Tenor
March 2022	Continuous Bonds V Phase III	A	620	3.50%	370 days
		B	830	5.60%	36 month
		C	250	6.25%	60 month
	Total		1,700		
March 2021	Continuous Sukuk Mudharabah IV Phase III	A	153	29.17% (Equivalent to 3.50%)	370 days
		B	49	46.67% (Equivalent to 5.60%)	36 month
		C	98	52.08% (Equivalent to 6.25%)	60 month
	Total		300		

Financial Highlights

In Billion Rupiah	1H21	1H22	ΔY-o-Y	FY20	FY21	1Q22
Statements Of Financial Position						
Assets						
Cash and cash equivalents	1,882	2,025	8%	4,227	1,638	3,198
Financing receivables-net of allowance of impairment	21,859	20,435	-8%	22,852	20,239	20,044
Fixed assets-net of accumulated depreciation	227	171	-25%	245	209	176
Intangible assets-net	189	153	-19%	187	169	161
Others	1,337	1,026	-23%	1,720	1,471	1,284
Total Assets	25,494	23,809	-7%	29,231	23,726	24,862
Liabilities						
Borrowings	6,987	3,774	-46%	9,140	4,955	4,161
Debt securities issued-net	6,320	7,315	16%	7,626	5,975	7,610
Others	4,209	3,744	-11%	4,539	3,909	4,490
Total liabilities	17,516	14,833	-15%	21,305	14,839	16,260
Total equity	7,978	8,976	13%	7,925	8,887	8,602
Total liabilities and equity	25,494	23,809	-7%	29,231	23,726	24,862

In Billion Rupiah	1H21	1H22	Y-o-Y	FY20	FY21	1Q22
Income Statement-Stand Alone						
Interest income	4,382	4,474	2%	10,316	8,804	2,239
Interest expense	(1,650)	(1,558)	-6%	(4,328)	(3,220)	(780)
Net interest income	2,732	2,916	7%	5,988	5,585	1,459
Fee income	514	319	-38%	973	1,184	148
Operating income	3,246	3,236	-0%	6,961	6,769	1,608
Operating expense	(1,803)	(1,860)	3%	(3,488)	(3,745)	(928)
Net operating income	1,443	1,375	-5%	3,474	3,023	680
Cost of credit	(819)	(526)	-36%	(1,972)	(1,401)	(284)
Other income/(expense)	(2)	0	-105%	(26)	(24)	(1)
Income before income tax	621	850	37%	1,476	1,598	395
Net income for the period	473	661	40%	1,026	1,213	305
DuPont-Stand Alone						
Net Yield	19.7%	22.1%	2.4%	20.7%	21%	22%
Cost of Fund	-7.4%	-7.7%	-0.3%	-9%	-8%	-8%
Net Interest Margin	12.3%	14.4%	2.1%	12.0%	13.5%	14.4%
Fee income	2.3%	1.6%	-0.7%	2%	3%	1%
Operating income	14.6%	16.0%	1.4%	14%	16%	16%
Operating expense	-8.1%	-9.2%	-1.1%	-7%	-9%	-9%
Net operating income	6.5%	6.8%	0.3%	7%	7%	7%
Cost of credit	-3.7%	-2.6%	1.1%	-4.0%	-3.4%	-2.8%
Other income/(expense)	0.0%	0.0%	0.0%	0%	0%	0%
ROAA-Before Tax	2.8%	4.2%	1.4%	3%	4%	4%
ROAA-After Tax	2.1%	3.3%	1.1%	2%	3%	3%

Financial Highlights

KEYRATIOS(Stand Alone)	1H21	1H22	Y-o-Y	FY20	FY21	1Q22
Return to average total assets	3.3%	5.4%	2.2%	3.1%	4.7%	4.9%
Return to average equity	12.1%	15.5%	3.4%	13.3%	14.7%	14.6%
Net income to total income	11.4%	16.0%	4.7%	10.9%	14.0%	14.6%
Cost to income	55.5%	57.5%	1.9%	50.1%	55.3%	57.7%
Leverage and Liquidity(X)						
Total assets to total liabilities	1.5	1.6	0.1	1.4	1.6	1.5
Total equity to total liabilities	0.5	0.6	0.1	0.4	0.6	0.5
Gearing ratio(running equity)	1.7	1.2	(0.4)	2.1	1.2	1.4

New Financing	1H21	1H22	ΔY-o-Y	FY20	FY21	1Q22
In Thousand Units						
Motorcycle	288	274	-5%	474	599	142
Car	32	38	19%	49	71	20
Durables	148	158	7%	268	296	78
Total Financed Unit	468	470	0%	790	967	239
In Billion Rupiah						
Motorcycle	5,240	5,405	3%	8,494	11,118	2,760
Car	4,535	6,236	38%	6,883	10,509	3,107
Durables	2,035	2,680	32%	3,244	4,294	1,299
Total Financed Amount	11,811	14,321	21%	18,622	25,921	7,166

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